

SHOP Employer & Employee Premium Payments

If you're a small business owner that's eligible to offer your employees coverage in the Small Business Health Options Program (SHOP) Marketplace, you'll be able to set your own premium payment amounts based on the cost of the plan you choose.

After you select a plan, you'll define a percentage that you would like to contribute toward premiums for employee-only coverage. If you decide to offer dependent coverage, you'll also define a percentage that you'll contribute toward those premiums. These contribution amounts will be used for the plan that you offer to your employees.

How employee premiums are calculated

Depending on state law, you can decide to have employees pay their premiums based on age, or have everyone pay the same premium regardless of age. Employees who smoke and don't participate in a tobacco cessation program may have a tobacco surcharge added to the cost of their premium.

When employees pay the same premium amount regardless of age, the Marketplace calculates the average employee premium based on the age range of all employees signing up for coverage.

- What the employee pays and what you contribute is based on this average premium amount.
- Every employee will pay the same premium amount. There will be an additional premium for each employee if they add dependent coverage.
- Contributions for dependents are always based on age in the SHOP Marketplace.

For example, if the youngest employee enrolling has a premium of \$100 and the oldest employee enrolling has a premium of \$120, the average premium for everyone would be \$110. If you decide to contribute 80% (or \$88) towards the premium payments, each employee will pay \$22. If an employee added 2 dependents to the coverage plan, an additional premium amount will be added for the employee based on the ages of the dependents. Your contribution of 80% (or \$88) for your employees will remain the same.

If your employees pay premiums based on their age, then your contribution of 80% towards the premium payments will vary for each individual employee.

How to make premium payments

For plan years starting in 2014, you'll make premium payments directly to the insurance company that you select for your employee coverage. Your first month's premium is due before the coverage start date.

